

BILL # HB 2243

TITLE: new school facilities; energy efficiency

SPONSOR: Lujan

STATUS: As Introduced

PREPARED BY: Leatta McLaughlin

FISCAL ANALYSIS

Description

The bill increases the funding amount each eligible school district would receive from the School Facilities Board's (SFB) New Construction Fund to build a new school by 5%, which would be used by districts to purchase Leadership in Energy Efficiency Design (LEED) items. LEED was developed by the U.S. Green Building Council (GBC), and was originally designed for commercial and institutional buildings. GBC is in the process of developing LEED standards for school construction.

The bill would also increase the funding amount school districts receive from SFB's Building Renewal Fund. The statutory formula for Building Renewal uses the same funding per square foot amount as the New Construction formula. Since the New Construction formula amount would be increased, that would in turn also increase Building Renewal distributions.

Estimated Impact

The bill has an estimated total General Fund cost of between \$7,092,000 and \$12,372,400 in FY 2008, depending on the formula used to determine Building Renewal funding. By FY 2013, once the bill is fully implemented, it would have an estimated annual General Fund cost of between \$26,844,300 and \$32,124,700. Of the total FY 2013 costs, between \$6,052,400 and \$11,332,800 would go towards Building Renewal allocations, and the remaining \$20,791,900 would go towards New Construction distributions.

The Building Renewal estimate depends on which formula is used to determine Building Renewal funding. The Legislature has recently appropriated these monies based on a revised formula amount. The Governor has vetoed the revised formula changes, but has not vetoed the revised formula appropriation amounts.

SFB estimates a total General Fund cost of \$12,263,200 in FY 2008 and \$29,937,200 once fully implemented in FY 2013. The SFB estimate assumes that the existing statutory formula is used to determine Building Renewal funding.

Based on LEED standards, this bill may result in operating cost savings for school districts due to reduced energy consumption.

Analysis

New Construction

SFB is responsible for providing funding to public school districts across the state to finance new school construction projects. A district is eligible for a new school when SFB has determined that the district will not have enough building space to house its student population. This bill would increase the new construction formula by adding 5% on to the total cost of the formula to pay for energy efficiency elements.

SFB on average has approved 35 new school construction projects each year since the agency's establishment in FY 1999. In FY 2006 and so far in FY 2007, SFB has awarded each eligible project about \$11,881,100. Based on this information, SFB approves about \$415,838,500 in new school construction projects each year. Once fully implemented, the bill would increase SFB's annual new construction approvals by \$20,791,900 each year.

SFB historically has spent about 5% of the total approval amount in the year the approvals were made, with the remainder spent over the next 5 years. Based on the historic spend-out pattern, SFB would spend an additional \$1,039,600 in FY 2008. By FY 2013, once fully implemented, the bill would increase SFB spending by \$20,791,900.

Building Renewal

SFB is also responsible for providing funding to schools to maintain the adequacy of existing school facilities. These monies are for major renovations and repairs, system upgrades to extend the life of a building, and infrastructure costs on academic buildings owned by a district. The amount allocated to each district is determined by a statutory formula, which uses the same cost per square foot amount as the New Construction formula.

SFB has a database of information for each district, which it uses to estimate changes to the current Building Renewal formula. Under the current formula if new construction costs were to increase by 5%, the current Building Renewal funding amount of \$190,220,000 for FY 2008 would increase to \$201,552,800. Under the revised formula, the Building Renewal funding amount of \$101,642,000 for FY 2008 would increase to about \$107,694,400.

Local Government Impact

Increasing new construction funding expenditures for energy efficiency equipment would result in operating cost savings for school districts. The cost savings would result from lower energy and water consumption. SFB estimates that total new construction approvals each year would save approximately 5.3 million kilowatts of electricity per year based on the LEED standard of reducing energy consumption by 15%. Regarding water usage, the LEED standard is a 20% reduction, which SFB estimates would result in savings of 8-12 million gallons of water annually.

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